



EXHIBIT 19
DATE 3/12/07
SB 152
MTSBA
"...fostering excellence in public education
through
school board leadership."

TO: House Education Committee

FROM: Lance Melton, Executive Director
Montana School Boards Association

RE: Senate Bill 152

DATE: March 12, 2007

The Montana School Boards Association appreciates Senator Ryan's introduction of SB 152, reflecting the Governor's funding priorities for K-12 public education in the 2007 Legislative Session. Like with any funding bill this session, our position on Senate Bill 152 is driven by the primary funding resolution adopted by our membership, a copy of which I have attached for your review and information. MTSBA has a difference of opinion with the state regarding the extent of additional funding necessary to adequately fund *all* grades and programs in our public schools.

Senate Bill 152 has several provisions, many of which we support. Because of its complexity, however, we do have several suggested changes needed to ensure that the bill provides school districts with the resources needed to avoid or at least mitigate reductions in spending at the local level in the next two years.

Sections 1 through 6, School Loan Repayment – MTSBA supports the school loan repayment provisions of the bill and believes that those provisions could ease some of the problems faced by school districts in recruiting educators in critical shortage areas.

Sections 7-8, Mineral Royalties to School Facility Account – MTSBA supports sections 7 and 8 as a means of saving toward the costs of implementing the facilities portion of the remedy required under *Columbia Falls Elementary v. State*. The state does not know what the cost of that remedy will be at this time, but committing the proceeds from mineral production rights on state lands is a good start.

We suggest an amendment to section 7, page 4, line 7, to reinstate the reference to the guarantee account. Deposit of the mineral proceeds into the guarantee account has been court tested and approved. By reinstating language so that the proceeds continue to be deposited into the guarantee account, and then transferred to the school facility improvement account, the state can better ensure the continued validity and constitutionality of the process.

Sections 10 and 12, K-12 School District for Ophir Elementary – MTSBA believes this issue has been resolved through SB 291 and should no longer be necessary in SB 152.

Sections 9, 13, 14, 15, 16, 17, 19, Full Time Kindergarten, Inflationary Adjustments

to Formula, Treatment of Over Maximum Districts, New Middle School Entitlement

– MTSBA supports the Governor's attempt to address the several funding issues implicated in the above-referenced sections of Senate Bill 152. As we have previously testified in Senate Bill 123, MTSBA supports the concept of full-time kindergarten. As we have also previously testified, we recognize that there are members who will experience difficulties in implementing and maintaining full-time kindergarten without additional financial assistance for the costs of implementation and operation. We urge the Committee to give careful consideration to providing the additional funding needed but not addressed in Senate Bill 152 to ensure that all school districts in the state have the resources needed to implement and maintain this important program.

We also support the necessity of annual adjustments to whatever funding formula is adopted by the state, which must be at least reflective of contemporary inflationary costs faced by our members.

In considering these provisions of Senate Bill 152, MTSBA respectfully requests your support of the following amendments:

1. Section 14, amendments to 20-9-306:

- a. **Inflationary Adjustments to the Entitlements** – The inflationary adjustments to the entitlements in Senate Bill 152 are insufficient to account for contemporary inflation and are not applied consistently to all entitlements. Inflation as it existed from 3-6 years ago is not educationally relevant, nor is a 3% cap on such adjustments. Unfortunately, the present law adjustment process in current law is insufficient to account for school districts' increased costs of operation. We do, however, recognize that there has been little interest in moving away from this inflationary adjustment model with an artificial cap. Therefore, we would limit the scope of our request to adjust all entitlements.

Amendment Request:

We request that *all* entitlements that make up the state's distribution to school district general fund budgets be adjusted by inflation for both of the coming two years.

- b. **Quality Educator Payment Increase** – The State has contended that the quality educator payment is tied to the recruitment and retention issues referenced in the Court's decision in Columbia Falls Elementary v. State. Given that reference, it seems that the payment should be increased on an annual basis in an amount reasonably calculated to allow districts to cover a significant portion of costs associated with increases in salaries and the costs of employee benefits. Senate Bill 152 proposes to increase the payment by \$790 in year 1 and proposes no increase for year 2 of the coming biennium.

Amendment Request: We request that the quality educator payment be increased by \$2,000 in the first year and \$2,000 in the second year of the coming biennium.

2. Amendment to address the enrollment count for full time kindergarten in districts that are averaging enrollments.

Amendment Request: We support the amendment proposed by OPI to ensure that districts that are averaging their enrollments have an accurate enrollment count in the first year of implementation for a fulltime kindergarten program.

Thank you for taking the time to consider MTSBA's testimony on Senate Bill 152. We will be available for any questions the committee may have and/or for any technical support in crafting amendments in which the committee may be interested.

Attachments: MTSBA Funding Resolution